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amendment that does not affect the use, flow or quality of water or an alteration to the term of the Water Licence. On this basis, the Board has exercised its discretion to not hold a Public Hearing prior to the disposition of the 2018 Security Amendment Request (as set out in s. 9 of the *Nunavut Waters Regulations*, SOR/2013-69).¹

The Board's consideration of the 2018 Security Amendment Request recently culminated in a Board-hosted teleconference on December 11, 2018, attended by representatives from LMI, the Kugluktuk Hunters and Trappers Organization (HTO), and CIRNAC. Following the teleconference, on December 14, 2018, the NWB received confirmation from CIRNAC that all technical issues with respect to the 2018 Security Amendment Request had been addressed and the 2018 Security Amendment Request was remitted to the duly appointed decision-making Panel² for this file, the Lupin Panel (P11 or the Panel).

On December 19, 2018, Panel P11 met, and by Motions No. 2018-17-P11-05 and 2018-03-P11-06 decided the following:

- To recommend to the Minister that the security required to be posted under Water Licence No: 2AM-LUP1520 under Part C, Item 1 be **reduced** by \$3,197,697 (from the current \$29,305,000 to \$26,107,303) to reflect progressive reclamation activities that have already been undertaken at the site to date and that have reduced the outstanding reclamation liability of the Mining Undertaking; and
- To provide this decision and the associated amendments (Amendment No. 3) to Part C of the Licence to the Minister for his review and approval.

As discussed in greater detail below, the **\$26,107,303** required to be posted following the Panel's consideration of LMI's 2018 Security Amendment Request is based on an estimate of the highest reclamation liability for land and water associated with the Mining Undertaking at the Lupin Gold Mine and recognizes that:

- the Mine has been under care and maintenance since 2005;
- LMI has undertaken a number of progressive reclamation activities since the Board fixed security under Amendment No. 1 to the Licence; and
- LMI's intent is to move the mine into the final closure and post-closure monitoring stages.

The Panel has also recommended changes to Part C of the Licence to simplify the terms and conditions pertaining to security and to remove the Items that are no longer applicable because the requirements of the Items have been entirely or partially met. Recognizing that, as indicated by LMI in submissions to the Board in support of the 2018 Security Amendment Request, progressive reclamation activities under the approved *Interim Abandonment and Restoration Plan* (IARP) will be on-going for the next 18-24 months, the Panel has also included an amendment to Part C, Item 3 that provides a mechanism for LMI to submit proof of completion of progressive reclamation activities completed by LMI in accordance with the approved IARP to the NWB to be posted publicly and circulated to CIRNAC for the Minister's consideration in determining whether security should be released in whole or in part under s. 76(5) of the *NWNSRTA* as the progressive

¹ As set out in s. 9(1):

For the purposes of section 13.7.3 of the Agreement and subsection 52(1) of the Act, no public hearing is required in respect of an application for (a) an amendment to a type A licence that does not affect the use, flow or quality of waters or alter the term of the licence;

² The Panel was appointed by the Board as provided for under s. 29(1) of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, S.C. 2002, c. 10, (*NWNSRTA*) which states:

The Board may establish panels of the Board and delegate any of its powers, duties and functions to them.

reclamation activities are completed and the interim closure of the site progresses to the final closure stage (likely in 2020).

Background to the 2018 Security Amendment Request

The Lupin Gold Mine operated from 1983-2005, with a few periods of temporary care and maintenance at the site. In February 2005, the mine ceased operations and passed into a long period of “temporary” Care and Maintenance, during which the ownership of the mine was transferred to various owners. In 2015, the mine’s current owner, Lupin Mines Incorporated (the Licensee or LMI) was granted a renewed Type “A” Water Licence No: 2AM-LUP1520. At that time, LMI indicated that they planned to move the Lupin Gold Mine out of Care and Maintenance over the course of 2-3 years, ramping up activities at the site to full active operation over the course of the 5-year term of the Licence. To ensure that the Licence terms and conditions, and in particular the security requirements and reclamation planning requirements (Parts C and J of the Licence respectively) remained up to date and reflective of the status of the mine, the NWB included a number of provisions in the Licence that require and/or permit the Licensee to update reclamation plans and the security associated with the implementation of those plans, including identifying any progressive reclamation undertaken by LMI during the term of the Licence. In addition, as a result of direction from the Minister in approving the Licence in 2015, the NWB also included provisions under Part C that permitted CIRNAC to also apply for an amendment to the security required to be posted under Part C, Item 1 of the Licence upon providing the NWB with evidence to support such an amendment.

In 2017, LMI provided notice to CIRNAC and the NWB that the Licensee had decided that a return to operations at the Lupin Gold Mine was no longer feasible and indicated that the plans for the future of the site were to begin progressive reclamation, leading to eventual final closure and post-closure monitoring. Reflecting this revised status of the Lupin Gold Mine, LMI applied in October 2017 for a reduction to the total reclamation security required to be posted under Part C, Item 1 by \$13.6 million, indicating that upon the return of this security, LMI would use the funds returned to undertake reclamation activities. Following technical review and comment, the NWB recommended in April 2018, and the Minister of Crown-Indigenous Relations and Northern Affairs approved in May 2018 an amendment to Part C, Item 1 to reflect that a reduction in security was appropriate. In Amendment No. 2, issued on April 18, 2018 the security under Part C, Item 1 was reduced by approximately \$5.345 million so that the total security held under the amended term and condition was revised to be \$29,305,000.

The 2018 Security Amendment Request under Part C, Item 3 of the Water Licence

In support of LMI’s 2018 Security Amendment Request the Licensee filed the following materials:

Original Submission

1. Letter to Karén Kharatyan, NWB, NWB Approval of Interim Closure and Restoration Plan; Type “A” Water Licence 2AM-LUP1520 and Corresponding Reductions in Reclamation Security, from Karyn Lewis, LMI, dated July 30, 2018.

Additional Submissions

2. Letter to Karén Kharatyan, NWB, from Karyn Lewis, dated September 13, 2018.
3. Letter to Karén Kharatyan, NWB, from Karyn Lewis, dated September 24, 2018.

4. Submitted, September 24, 2018, by Golder Associates Ltd., Progressive Reclamation Cost Update, dated September 24, 2018.
5. Letter to Karén Kharatyan, NWB, Re: NWB Approval of Interim Closure and Restoration Plan; Type “A” Water Licence 2AM-LUP1520 and Corresponding Reductions in Reclamation Security; Distribution for Technical Review Comments, from Karyn Lewis, dated November 1, 2018.
6. Submitted, November 19, 2018, by Golder Associates Ltd., Response to CIRNAC on Progressive Reclamation Cost Update, dated November 19, 2018.
7. Letter to Karén Kharatyan, NWB, Re: Progressive Reclamation Security Reduction – 2AM-LUP1520, from Karyn Lewis, dated November 19, 2018.
8. Letter to Richard Dwyer, NWB, Re: IQALUIT-#1235169-V1—CIRNAC COMMENTS ON GOLDERS COMMENTS NUMBER 2_ 2AMLUP1520 PROGRESSIVE RECLAMATION PLAN UPDATE – LUPIN MINES, from Karyn Lewis, dated December 4, 2018.
9. Letter to Karén Kharatyan, NWB, Re: Security Reclamation Reduction - 2AM-LUP1520 – December 11, 2018 Conference Call, from Karyn Lewis, dated December 7, 2018.
10. Submitted, December 8, 2018, by NWB, Nunavut Water Board Guidance to Lupin Mines Incorporated Regarding Interim Closure and Reclamation Plan at the Lupin Gold Mine and Associated Request to Reduce Security Held Under Part C of Type “A” Water Licence No. 2AM-LUP1520, dated August 16, 2018.
11. Submitted, December 8, 2018, by ChemKleen, Storage Tanks Withdrawal Site Cleanup Report, Lupin Satellite Tank Farm, Boneyard & Main Tank Farm, dated December 7, 2018.
12. Submitted, December 8, 2018, by LMI, 2015 Waste Back Haul, undated.
13. Submitted, December 8, 2018, by LMI, Appendix E Updated Estimate Progressive Reclamation, undated.
14. Submitted, December 8, 2018, by LMI, Attachment 2, undated.
15. Submitted, December 8, 2018, by Golder Associated Ltd., Response 2 to CIRNAC on Progressive Reclamation Cost Update, dated December 7, 2018.
16. Submitted, December 8, 2018, by LMI, Appendix E Updated Estimate Progressive Reclamation, undated.
17. Letter to Richard Dwyer, NWB, Re: 2AM-LUP1520 Reduced Reclamation Security Teleconference, from Karyn Lewis, dated December 8, 2018.
18. Letter to Teleconference Participants, Re: 2AM-LUP1520 - Security Reduction - PRCU - LMI Providing Requested Additional Information, from Karyn Lewis, dated December 12, 2018.
19. Letter to Karén Kharatyan, NWB, Re: Security Reclamation Reduction - 2AM-LUP1520 – Follow-up from December 11, 2018 Conference Call, from Karyn Lewis, dated December 14, 2018.
20. Submitted, December 14, 2018, by LMI, OPENING REMARKS Karyn Lewis - Speaking Notes 2AM-LUP1520 – Lupin Gold Mine (Lupin) – Lupin Mines Incorporated (LMI) – Nunavut Water Board-hosted Telephone on December 11, 2018, undated.

The NWB’s Processing of LMI’s 2018 Security Amendment Request

The basis for LMI's requested reductions in security under the 2018 Security Amendment Request is as follows:

- On July 20, 2018 following review and comment by the NWB and CIRNAC, the NWB approved the *Interim Abandonment and Restoration Plan* (IARP) dated August 2017 and filed by LMI as required under the reclamation and security requirements of the Licence—the approved IARP provides the updated guidance for LMI as they undertake various progressive reclamation activities for the site for the next 18-24 months, until the final reclamation of the site commences under a Final Closure and Reclamation Plan, and the updated terms and conditions of a subsequent Licence to govern the final closure of the site are issued (if recommended by the NWB and approved by the Minister);
- LMI indicated that the security held under the Licence should be reduced in 2018-2019 to reflect the range of progressive reclamation activities LMI has undertaken in 2018, and plans to undertake in 2019 in accordance with the approved IARP, and also to reflect that since the Licence was issued in 2015, LMI has determined that the Lupin Gold Mine site will not return to active operations and, therefore, the site is moving to the final closure stage; and
- Recognizing that progressive reclamation activities under the IARP will be on-going for the next 18-24 months, LMI noted that additional reductions to security will be expected as the progressive reclamation activities are completed and the interim closure of the site progresses to the final closure stage (likely in 2020).

On this basis, on August 2, 2018, LMI applied to the Board with a request to reduce the amount of reclamation security, for which pre-licensing requirements were fulfilled. The Nunavut Planning Commission (NPC)³ has confirmed that, as the project is located outside the boundaries of the two approved land use plans in Nunavut, no conformity determination was required.

With respect to the project assessment requirements imposed under Article 12 of the Nunavut Agreement, on June 9, 2014, the Nunavut Impact Review Board (NIRB) issued correspondence⁴ confirming that, as the NIRB had previously screened the Project in 1999 (NIRB File No.: 99WR053), and the scope of the Project had not been significantly modified, the application was exempt from the requirements for further screening as set out in Article 12, Section 12.4.3 of the Nunavut Agreement.

Therefore, the NWB concluded that the land use plan conformity and environmental assessment requirements for the 2018 Security Amendment Request under ss. 38 and 39 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, S.C. 2002, c. 10 (NWNSRTA) have been met and the Application could be processed by the NWB.

In response to the 2018 Security Amendment Request, the NWB pointed out that, for the sake of an efficient process, LMI should provide a list of activities to be completed prior to the expiry of the Licence (August 2020) and under the approved IARP. The Licensee provided the requested information on September 24, 2018. The NWB then initiated a technical review process, which culminated in a teleconference hosted by NWB on December 11, 2018 and attended by the representatives from NWB, LMI, Kugluktuk Hunters and Trappers Organization (KHTO), and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC).

³ E-mail from C. Tickner, Senior Planner, NPC to K. Lewis, LMI, Re: Conformity Review: Lupin Project, NU (2AM0LUP0914) dated February 26, 2014.

⁴ Letter from R. Barry, Executive Director, NIRB to T. Kabloona, Chairperson, NWB (c/o P. Beaulieu), Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: Lupin Mines Incorporated's "Lupin Gold Mine" project, Kitikmeot Region, dated June 9, 2014.

Following the NWB's December 11, 2018 teleconference, on December 14, 2018 CIRNAC confirmed that there were no outstanding technical issues, indicated that they supported LMI's request to reduce the reclamation security amount under Part C, Item 1 of the Licence, and recommended that the quantum of security be reduced by \$3,197,697 (from \$29,305,000 to \$26,107,303) to reflect progressive reclamation activities that had already been undertaken at the site and that reduce the outstanding reclamation liability associated with the Lupin Gold Mine.

Parties are invited to review all non-confidential information associated with the Board's consideration of the 2018 Security Amendment Request on its public registry. For further details, consult the NWB's site using the following link:

[ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%20LMI/3%20TECH/2%20SECURITY%20\(C\)/2018/180802%20Security%20Reduction%20Request/](ftp://ftp.nwb-oen.ca/registry/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-LUP1520%20LMI/3%20TECH/2%20SECURITY%20(C)/2018/180802%20Security%20Reduction%20Request/)

The NWB's Jurisdiction to Fix the Quantum of Security Required under the Water Licence

The Board's general jurisdiction to require a licensee to furnish security is established under s. 76 of the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*, S.C. 2002, c. 10 (NWNSTRA) as follows:

76. (1) The Board may require an applicant, a licensee or a prospective assignee to furnish and maintain security with the Minister in the form, of the nature, subject to such terms and conditions and in an amount prescribed by, or determined in accordance with, the regulations or that is satisfactory to the Minister.

The limits on the Board's assessment of the quantum of reclamation security are set out under s. 10 of the *Nunavut Waters Regulations*, SOR/2013-69 as follows:

10. (1) For the purposes of subsection 76(1) of the Act, the Board may fix the amount of security required to be furnished by an applicant for a licence, a licensee or a prospective assignee in an amount not exceeding the aggregate of
(a) the costs of the abandonment of the undertaking;
(b) the costs of the restoration of the site of the undertaking;
(c) the costs of any ongoing measures that may remain to be taken after the abandonment of the undertaking; and
(d) the compensation that a person, including the designated Inuit organization, who is adversely affected by the use of waters or deposit of waste may be entitled to under section 13 of the Act.

In the Board's consideration of the 2018 Security Amendment Request, as in the NWB's previous decisions fixing security for the Lupin Gold Mine Site,⁵ the Board is mindful that the limits of s.

⁵ See NWB, Type "A" Water Licence No. 2AM-LUP1520 Renewal and Amendment, Further Consideration of Quantum of Security, August 21, 2015; NWB, NWB Decision Regarding Request of Indigenous and Northern Affairs Canada (INAC) under Part C, Item 3 of the Licence to Amend the Amount of Security Held under the Licence, March

10 require the Board to strike a balance between ensuring that the security posted under the Licence at any given time is sufficient to ensure the Mining Undertaking is appropriately reclaimed and also ensuring that as reclamation liability decreases (due to progressive reclamation activities being completed or other factors that otherwise reduce the outstanding reclamation liability for the Mining Undertaking) that the Licensee is not “over-bonded” by being required to post security that exceeds the costs set out in s. 10.

As progressive reclamation of a licensed undertaking occurs, the Board is also mindful of the role of the Minister in terms of refunding security posted under a Licence as provided for in s. 76(2) and 76(5) of the *NWNSRTA* (as set out below), and recognizes that the Minister may exercise his discretion to refund security without amending the Licence:

(2) The security provided by a licensee may be applied by the Minister

(a) to compensate, fully or partially, a person, including the designated Inuit organization, who is entitled to compensation under section 13 and who has been unsuccessful in recovering that compensation, if the Minister is satisfied that the person has taken all reasonable measures to recover it; and

(b) to reimburse Her Majesty in right of Canada, fully or partially, for reasonable costs incurred by Her Majesty in right of Canada under subsection 87(4) or, subject to subsection (3), under subsection 89(1).

(5) Where the Minister is satisfied that an appurtenant undertaking has been permanently closed or permanently abandoned or the licence has been assigned, any portion of the security that, in the Minister’s opinion, will not be applied under subsection (2) shall be returned to the licensee without delay.

The Board notes that this type of release of security by the Minister as activities are completed is contemplated in LMI’s submission dated December 14, 2018⁶:

LMI is requesting that the NWB reduce the amount of security held under Licence 2AM-LUP1520 by CDN\$3,197,697 for works completed to July 5, 2018, CDN\$1,277,029 for works completed from July 6, 2018 to date (percentage of the work as outlined in PRCU including decontaminate buildings, hazardous waste removal and disposal fees, fuel tank cleaning, tailings pipe removal, treating and discharging of Pond 2, Cell 5 cover, instrumentation installation and adjusted indirect costs based on such reductions),

28, 2017; and NWB, NWB Decision Regarding Request of Lupin Mines Incorporated (LMI) to Amend the Amount of Security Held under Part C, Item 1 of the Licence and further NWB Guidance regarding the Approval of the Interim Abandonment and Restoration Plan and Closure Cost Estimate under the Licence, Part C, Item 4 and Part I, Item 2, April 18, 2018.

⁶ Letter from Karyn Lewis, LMI, Re: Security Reclamation Reduction - 2AM-LUP1520 – Follow-up from December 11, 2018 Conference Call, to Karén Kharatyan, NWB, dated December 14, 2018.

as well as guidance and reductions). As well, guidance on, and reductions if and as soon as possible, for the remaining CDN\$1,795,781 for planned work to be completed in the first half of 2019 as outlined in the PRCU. This is for a total of CDN\$6,270,507 as previously submitted.

With the recognition of the Minister's discretion under s. 76(5), the NWB has recommended an amended term and condition to Part C, Item 2 that ensures that LMI is required to provide proof of completion of progressive reclamation activities that the NWB will post to the public registry and that the Minister may consider in determining the extent to which a refund of security may be appropriate.

Summary of Submissions Received in Respect of the 2018 Security Amendment Request

LMI's Submissions

On August 2, 2018, LMI submitted a request to reduce the amount of reclamation security held under the current Water Licence No. 2AM-LUP1520. In the letter, LMI argued that, in light of the progressive reclamation work completed in line with the approved IARP, the reduction should entail a refund of \$3.09 million. On September 24, 2018, LMI supplemented its request with a *Progressive Reclamation Cost Update* (PRCU) produced by Golder Associates. The PRCU included the description of both completed progressive reclamation work and planned activities for the winter of 2018-2019. The Board then commenced its technical review process calling on the interested parties to comment on the submission. In the course of this technical review, LMI updated the PRCU correcting calculation errors and provided clarifications to calculation methods, as well as evidence of completed work. The completed reclamation work included:

- Treatment of water from the Tailings Containment Area (TCA);
- Fill placement into cell 5 of the TCA;
- Removal of 4,000 m of a tailings pipeline;
- Removal of 3,000 m of power cable;
- Removal of the freshwater pumphouse generator;
- Installation of soil moisture, temperature, and conductivity sensors complete with data logger below the esker surface;
- Preparation (such as cleaning and certification) for demolition of 26 fuel storage tanks;
- Evaluation and servicing of the Ulu mine⁷ equipment in preparation for mobilization to the Lupin mine;
- Removal of 21.8 tons of hazardous waste; and
- Stabilization of dam M.

CIRNAC Submissions

During the review process, CIRNAC raised a number of issues, such as:

⁷ The Ulu mine is the property of Mandalay Resources. Mandalay Resources is also the owner of Lupin Mines Incorporated.

- Requiring LMI to provide evidence of completed work;
- Requesting a clarification on whether water treatment at the Tailings Containment Area is considered a reclamation or a maintenance activity; and
- Pointing out discrepancies between planned activities outlined within the approved IARP and the not yet approved Final Closure and Reclamation Plan (FCRP).

LMI's responses were satisfactory to CIRNAC, except for the existing discrepancies between the IARP and FCRP. However, CIRNAC agreed that the discussion of final closure ought to take place during the technical review of the licence renewal / amendment application that will reflect the mine's transfer from the current care and maintenance stage to closure.

As a follow-up of the teleconference hosted by NWB, CIRNAC informed the NWB on December 14, 2018 that CIRNAC's outstanding concerns associated with the Progressive Reclamation Cost Update (PRCU) had been addressed. As a result, CIRNAC recommended that security under the Licence be reduced by the amount set in the PRCU, equal to \$3,197,697.

Kugluktuk Hunters and Trappers Organization (HTO)

The Kugluktuk HTO participated in the teleconference hosted by the NWB on December 11, 2018 for the discussion of LMI's security reduction request. There were no comments from the Kugluktuk HTO on this particular request; however, the HTO requested that LMI arrange a site tour for HTO representatives and the outpost camp owners. LMI agreed to organize the tour in the future.

The Existing Terms and Conditions Applicable to the Amount of Security to be Held under Part C of the Water Licence

The *existing* terms and conditions in relation to fixing and amending the quantum of security under Part C of the Water Licence (as previously amended in 2017 under Amendment No. 1 and 2018 under Amendment No. 2) are as follows:

1. *The Licensee shall, within sixty (60) days following approval by the Minister of Amendment No. 2 to Licence No. 2AM-LUP1520, furnish and maintain reclamation security with the Minister in the amount of \$29,305,000 dollars, in a form that is satisfactory to the Minister and consistent with the Act and Regulations.*
2. *The Licensee shall, within ninety (90) days following the approval, by the Minister, of Amendment No. 1 to Licence No. 2AM-LUP1520, submit to the Board for approval, an updated version of the Plan entitled Interim Abandonment and Restoration Plan, dated March 2016, to supersede the version approved under Part I, Item 1. The updated Plan shall take into consideration the Mine Site Reclamation Guidelines for the Northwest Territories (INAC, 2007) and the Mine Site Reclamation Policy for Nunavut (INAC, 2002), and address the following:*
 - a. *Inclusion of executive summaries in English and Inuktitut*

for the Plan and relevant documents associated with the Plan;

b. Revision to the effective date of the Plan;

c. Inclusion of updated information for expired mineral and surface leases listed in Section 2.2, Table 1, of the Plan;

d. Section 2.5, Table 2, of the Plan should include precipitation data for recent years if available. The last year of entry was 2006;

e. Section 2.5, Table 3, of the Plan should include monthly rainfall data for recent years if available. The last year of entry was 2006;

f. Inclusion of updated information in Section 5 of the Plan (Abandonment and Reclamation Plan History) to reflect any recent abandonment and reclamation activities conducted and not documented in the Plan;

g. Inclusion of details in Section 7.1.3 of the Plan to address any progressive reclamation that occurred subsequent to submission of the March 16, 2016 version of the Plan;

h. Updates, where applicable, to studies and related documents contained in Appendices A, B, C, D, E, F, G and H of the Plan;

i. Inclusion of detail regarding any changes in ownership of the Project undertaking;

j. Inclusion of details regarding any changes to water and waste management structures to reflect ongoing or progressive closure and reclamation activities; and,

k. Inclusion of the updated reclamation amount posted for security with the Minister, under this amendment.

3. *The Licensee or the Minister may apply to change the amount of security held under Part C, Item 1 and/or Part C, Item 2 of the Licence. Any request to change the amount of security shall be supplemented by submission(s) that include supporting evidence to justify the request and will be processed by the Board as an amendment to the terms and conditions of the Licence.*
4. *The Licensee shall, in the year 2017, reassess and update the reclamation security for the Project and submit to the Board for review a copy of the updated assessment on or before September 30, 2017.*
5. *The Licensee shall, with the exception of an amendment application submitted by the Minister under Part C, Item 3, submit an updated security assessment as part of any application to renew and/or amend the Licence, or notification to commence active reclamation of the Project site, if the application is submitted prior to, or subsequent to the assessment required under Part C, Item 5. The updated security assessment shall take into consideration the latest version of RECLAIM and address any changes to the reclamation*

security previously assigned under Part C, Items 1, 2, 3, 4, and 5 as well as any changes in the Project scope associated with the application.

The Board's Disposition of the 2018 Security Amendment Request

Having considered LMI's documentation in support of the 2018 Security Amendment Request, the technical review comment submissions of CIRNAC, the NWB's technical assessment of the 2018 Security Amendment Request, and the parties' discussion of the issues and follow up submissions in respect of the NWB's teleconference on December 11, 2018, the Lupin Panel has concluded that it is appropriate to issue Amendment No. 3 (as set out below) to Type "A" Water Licence No: 2AM-LUP1520.

The amendment to Part C, Item 1 under Amendment No. 3 reduces the quantum of security required to be posted for the reclamation of the Mining Undertaking to reflect the reduction in outstanding reclamation liability associated with progressive reclamation activities. The amendment to Part C, Item 2 under Amendment No. 3 streamlines the Licence to remove the requirements that have already been met by the Licensee and also provides a mechanism for LMI to publicly report on the successful completion of progressive reclamation activities undertaken under the approved IARP and that may be considered by the Minister under s. 76(5) of the *NWNSRTA*. The amendment to Part C, Item 3 under Amendment No. 3 updates the Licence to reflect that the site is now progressing through interim closure, with a renewal application for the Licence to govern the final closure and post-closure monitoring of the Undertaking expected to be submitted in 2019. The removal of Part C, Item 4 under Amendment No. 3 streamlines the Licence as it reflects that the activities required under this term and condition have been completed. The amendment to Part C, Item 5 under Amendment No. 3 updates the Licence to remove those requirements from Item 5 that have already been met by LMI.

PART C CONDITIONS APPLYING TO SECURITY

Amend Item 1 to Read:

The Licensee shall, within sixty (60) days following approval by the Minister of Amendment No. 3 to Licence No. 2AM-LUP1520, furnish and maintain reclamation security with the Minister in the amount of \$26,107,303 dollars, in a form that is satisfactory to the Minister and consistent with the Act and Regulations.

Amend Item 2 to Read:

The Licensee shall furnish and maintain such further or other amounts as may be required by the Board, based on subsequent periodic estimates of mine reclamation liability, including any progressive reclamation activities completed in accordance with the *Interim Abandonment and Restoration Plan* dated August 2017 and approved by the Board on July 20, 2018. The Licensee shall submit proof of completed reclamation activities to the Board and to the Minister for the Minister's consideration under sections 76(2) and (5) of the Act.

Amend Item 3 to Read:

The security referred to in Part C, Item 1 shall be maintained until such time as it is fully or

in part refunded by the Minister pursuant to section 76(5) of the Act. This clause shall survive the expiry of this Licence or renewals thereof and until full and final reclamation has been completed to the satisfaction of the Minister.

Remove Item 4.

Amend Item 5 to Read:

The Licensee shall submit an updated security assessment as part of any application to renew the Licence. The updated security assessment shall take into consideration the latest version of RECLAIM and address any amendments to the reclamation security under Part C of the Licence, changes to reclamation security occurring under the Act and/or Regulations, as well as any changes in the Project scope associated with the application.

All remaining terms and conditions of Type “A” Water Licence No. 2AM-LUP1520 issued on August 19, 2015, as amended by Amendment No. 1 issued on March 28, 2017 and as further amended by Amendment No. 2, issued on April 18, 2018, remain applicable.

Closure

If you have any questions or require further direction with respect to this matter, please contact the Board’s Executive Director, Stephanie Autut at (867) 360-6338, ext: 22 or via e-mail: stephanie.autut@nwb-oen.ca or Director of Technical Services, Karén Kharatyan at (867) 360-6338, ext: 35 or via e-mail: karen.kharatyan@nwb-oen.ca.

In closing, the Board appreciates the active and on-going participation of all the parties during the Board’s consideration and decision-making in respect of the 2018 Security Amendment Request.

Sincerely,

Lootie Toomasie
Chairperson
Nunavut Water Board

Cc: Geoff Clark, Director Lands, Environment & Resources, KIA
Lupin Distribution List

Enclosures: Recommended Type “A” Water Licence 2AM-LUP1520 Amendment No. 3

Appendix A:

List of Key Documentation and Activities

Associated with LMI's 2018 Security Amendment Request

Date	Submission
August 2, 2018	LMI submits a request to amend security held under Licence 2AM-LUP1520 to include completed progressive reclamation activities.
August 16, 2018	NWB requests that LMI provide a list of completed reclamation work and a schedule of anticipated reduction requests.
September 24, 2018	LMI provides a <i>Progressive Reclamation Cost Update</i> (PRCU) in response to the NWB's request.
September 25, 2018	The NWB invites interested parties to comment on the 2018 Security Reduction Request on or before October 26, 2018. The comment period is later extended to November 2, 2018 as per CIRNAC request.
November 2, 2018	CIRNAC provides its comments requesting clarifications.
November 19, 2018	LMI responds with a submission in response to CIRNAC's concerns.
November 20, 2018	The NWB requests that CIRNAC confirm if LMI's submission addressed all concerns.
November 30, 2018	CIRNAC indicates that further clarification is required.
December 4, 2018	LMI requests NWB that a teleconference with the NWB and CIRNAC participation is held. NWB issues correspondence to the Lupin Distribution List, inviting parties to NWB-hosted teleconference on December 11, 2018 and requesting submission of final comments on or before December 7, 2018.
December 7, 2018	LMI provides final written submissions for the teleconference.
December 11, 2018	NWB staff host teleconference with LMI and CIRNAC, and Kugluktuk HTO representative attending the call.
December 14, 2018	CIRNAC issues a letter to the NWB recommending security reduction for the Lupin Mine Project.