



NIRB File No. 11EN047
AANDC File No.: N2011C0026
NWB File No.: 2BE-LEP1217

May 14, 2012

Thomas Kabloona, Chairperson
Nunavut Water Board
c/o Phyllis Beaulieu, Manager of Licensing
Nunavut Water Board
Gjoa Haven, NU X0B 1J0

Via email: licensing@nunavutwaterboard.org

Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: Elgin Mining Incorporated's "Lupin Exploration" project, Kitikmeot Region

Dear Phyllis Beaulieu:

On May 4, 2012 the Nunavut Impact Review Board (NIRB or Board) received an application from the Nunavut Water Board (NWB) for an amendment to the Water Licence (No. 2BE-LEP1217) for Elgin Mining Incorporated's (Elgin; the Proponent) "Lupin Exploration" project proposal. The NIRB did not require a conformity determination from the Nunavut Planning Commission for this file, as the proposed project is located within a region that does not currently have an approved land use plan in place.

Please be advised that the original project proposal (NIRB File No.: 11EN047) was received by the NIRB from Aboriginal Affairs and Northern Development Canada (AANDC) on September 9, 2011 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On December 2, 2011 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of Aboriginal Affairs and Northern Development which indicated that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

The current NWB application, the original NIRB Screening Decision Report (NIRB File No. 11EN047) and related file information are available from the NIRB's ftp site at the following link:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2011/11EN047-Elgin%20Mining%20Inc-Lupin%20Exploration/>

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 11EN047), the “Lupin Exploration” project was located in the Kitikmeot region approximately 285 kilometres (km) southeast of the Hamlet of Kugluktuk, around the pre-existing Lupin Mine site. In July 2011 Elgin purchased the Lupin Mine from MMG Resources Ltd., and the new owners indicated that they intended to continue exploration around the mine site from October 2011-2016 in order to determine whether economic deposits of gold exist.

The activities and components associated with the previously screened proposal included:

- Exploration activities, specifically:
 - November 2011 to April 2012: identify potential drill targets through geophysical surveys and drill approximately 5,000 metres or 3-5 holes per target;
 - April 2012 to September 2012: drill up to 25,000 metres; and
 - September 2012 and beyond: drill between 25,000 and 50,000 metres depending on the results of the 2012 exploration activities.
- Use of pre-existing infrastructure at the Lupin site including: airstrip, Main and Satellite tank farms, water supply and distribution system, camp and kitchen, sewage collection and disposal systems, quarry, landfill, burn pit, incinerator, and various warehouse and maintenance shops. These pre-existing structures will be used to support the following exploration activities:
 - Camp used for 30 people (maximum 40 people) between April and September each year;
 - Fuel stock of 511,181 gallons of diesel, 126,936 gallons of aviation fuel, 546 gallons of gasoline, and 5 – 100 lb cylinders of propane already on site;
 - Transport workers, supplies, and drills to the Lupin site by fixed wing aircraft and helicopters and use pre-existing all weather landing strip; flights from Yellowknife to site approximately once a week during drilling.
 - Use of vehicles including passenger vehicles, fuel trucks, loaders, excavators, rock trucks, back hoe, dozers, water truck, and grader as well as generators, lift and crane already on site; and,
 - Dust management of all-weather airstrip to occur using water deployed by a water truck already on site.
- Chemical storage: up to 400 tonnes of calcium chloride to be transported in sealed bags and stored in a pre-existing covered storage area on wooden pallets.
- Water use: approximately 40-45 cubic metres per day to be used for drilling under new Type B water license (2BE-LEP1217). Camp water use and sewage treatment have been previously permitted under water license 2AM-LUP0914.

CURRENT APPLICATION:

Elgin is proposing to amend its Water Licence (No. 2BE-LEP1217) to increase the amount of water used for the ongoing drilling, as well as to include additional water sources in the area. This amendment does not change the type of water licence required for the drilling activity and does not change the water requirements for the camp, but does include the following additional components:

- Increase water consumption from 45 cubic metres per day (m³/day) to 240 m³/day for drilling activities;
- Extract water from additional sources closer to the drill targets while these sources are thawed; and
- Deposition of the additional waste water.

Please note that Section 12.4.3 of the NLCA states that:

“Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project.”

After completing a review of the information provided in support of the current application, the NIRB is of the understanding that the proposed amendment does not change the general scope of the original project activities, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply. Therefore, this application is exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original December 2, 2011 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Tara Arko, Technical Advisor, at 867-983-4611 or tarko@nirb.ca.

Sincerely,



Ryan Barry
Executive Director
Nunavut Impact Review Board

cc: Honourable John Duncan, Minister of Aboriginal Affairs and Northern Development
Jeff Mercer, AANDC
Tracey McCaie, AANDC
Patrick Downey, Elgin Mining
Karyn Lewis, Elgin Mining
Sharleen Hamm, Elgin Mining

Enclosed: NIRB Screening Decision Report, File No.: 11EN047 (December 2, 2011)