From:	Phyllis Beaulieu
To:	"Theodore Muraro"
Cc:	David Hohnstein
Subject:	RE: Lupin Water License fee - 2011
Date:	Thursday, January 19, 2012 5:02:00 PM
Attachments:	100614 2AM-LUP0914 Receipt of WUF-OMLE.pdf

Good afternoon Ted, I've reviewed the file for LUPIN and have attached here a letter that went out for the payment received on May 11, 2010 indicating that our office had not received one of the payments. We therefore considered the fee received in 2011 as the outstanding fee for 2010. I understand that the site was under Care and Maintenance for a period of time, however the Licensee is responsible to pay full fees for the authority to use water, not the amount they actually use. If you wish to discuss this further, please don't hesitate to call.
Regards,

From: Theodore Muraro [mailto:Theodore.Muraro@MMG.COM]
Sent: Friday, January 13, 2012 12:55 PM
To: Phyllis Beaulieu
Subject: Lupin Water License fee - 2011

Phyllis,
It has been brought to my attention by the purchasers of Lupin (Elgin Mining) that there appears to be an outstanding Water License fee for the Lupin site for 2011 which, based on the fee calculator distributed by NWB on June 20, 2011, puts the fee at $23,050.00

MMG effected payment equal to that of previous years ($63.14) on April 5, 2011, based on historic (and previously accepted) interpretation of the calculation of fees, which was accepted without comment or notification of error.

The received notification of corrections in fee calculations specifically states that corrections will be implemented "….as of June 20, 2011".

It is important to note that the Lupin site, for the last few years of MMG's possession, has been permitted with AANDC/INAC on "Care and Maintenance" rather than "Operation", and although the Water License permits a volume of 1,700,000m^3 annually for capacity production from the mine, there has been little to no water usage over this period.
The sale of the Lupin site was completed on July 8, 2011 to Elgin Mining.

I would like to request on behalf of MMG (and Elgin Mining) that the case be reviewed as the proposed increase is substantial. I would suggest that as no notification of error in payment was received by MMG, and that corrections were implemented AFTER receipt of this payment, that the 2011 fee be considered 'paid' and the newly calculated fee amount be applied for the 2012 payment.

Alternatively , I would ask that the "Care and Maintenance" status of the Lupin site in 2011 be considered and that a lesser fee be considered.

Thank you for your consideration.

Regards,

TED MURARO
OPERATIONS MANAGER - CANADA
MMG | MINERALS AND METALS GROUP

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