

**Karlette Tunaley**

---

**From:** Tanya Trenholm [Tanya.Trenholm@inac-ainc.gc.ca]  
**Sent:** June 17, 2011 8:23 AM  
**To:** Karlette Tunaley  
**Subject:** Lupin and Ulu Securities  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

**RECEIVED***By Licence Administrator at 1:38 pm, Jun 21, 2011*

Hi Karlette,

As discussed this morning, the transaction for lupin and ulu is a mixed share purchase and asset purchase transaction (i.e. Elgin is purchasing the corporate owner of the LUPIN Mine (i.e all of its shares, and purchasing the assets of the ULU Mine). The LUPIN transaction will not require the assignment of its Water License because the legal entity (corporation) holding the license will remain the same, even though its corporate ownership will change.

The ULU transaction, however, requires the assignment of the Water Licence because it is the sale of the mine as an asset and the license is an ancillary asset that needs to pass with the mine. As such, AANDC needs to be satisfied that the NWB has approved the assignment of the ULU License; AANDC requires a copy of the Assignment document as well as the NWB's approval prior to exchanging the LoC's.

I can inform you that to date, I have been working with legal counsel for Elgin Mining towards finalizing the draft Letters of Credit for both Lupin and Ulu.

The Lupin transaction will transpire upon their request, and as above, the ulu transaction will occur once the assignment has taken place.

I can assure you that AANDC is satisfied with this approach and supports the NWB approving an assignment of the Ulu licence at this time.

Please let me know if you require anything further.

Thank you in advance,

Tanya

\* New email address: [Tanya.Trenholm@inac-ainc.gc.ca](mailto:Tanya.Trenholm@inac-ainc.gc.ca)

Tanya Trenholm  
 A/ Manager Water Resources,  
 Water Resources Division,  
 Indian and Northern Affairs Canada  
 Nunavut Regional Office  
 P.O. Box 100  
 Iqaluit, NU X0A 0H0  
 Phone / Téléphone: (867) 975-4566  
 Fax / Télécopieur: (867) 975-4585  
 Email / Courriel: [Tanya.Trenholm@inac-ainc.gc.ca](mailto:Tanya.Trenholm@inac-ainc.gc.ca)