



File No. _____

NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
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By Email and By Hand

October 31, 2006

Board of Commissioners
of Public Utilities
P.O. Box 21040
St. John's, NF, A1A 5B2

**Attention: Cheryl Blundon – Director of Corporate Services
and Board Secretary**

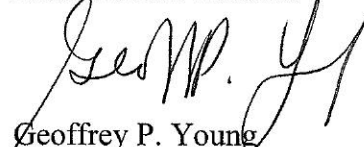
Dear Ms. Blundon:

Re: Aur Resources Inc. – Application for Final Approval of Rates

Enclosed please find a copy of an agreement between Hydro, Aur Resources Inc, the Industrial Customers and the Consumer Advocate pertaining to the above-noted application originally filed with the Board on January 18 of this year. We understand that Newfoundland Power will be filing a letter with the Board to the effect that it does not object to the disposition of the matter in the manner that is set out in the enclosed agreement.

We trust that you will find the enclosed to be in order. Should you have any questions or comments about any of the enclosed please contact the undersigned.

**NEWFOUNDLAND AND
LABRADOR HYDRO**


Geoffrey P. Young
Legal Counsel

Encl.

AGREEMENT OF THE PARTIES

APPLICATION FOR RATES TO APPLY TO PROVISION OF ELECTRICAL SERVICE TO AUR RESOURCES INC.

The parties are agreed upon the disposition of the application by Newfoundland and Labrador Hydro ("Hydro") dated January 18, 2006 for rates for Aur Resources Inc. ("Aur") as follows:

1. Aur's rates will include an RSP amount related to the current and on-going RSP. Aur's rates will be fixed without incorporating therein any contribution to the historic RSP.
2. In recognition of a 2006 start-up period, Aur will be billed for the year 2006 based on their actual measured peak demand in each month and will not carry forward any peak demand established in a previous month until January, 2007. As of January 1, 2007, the method used to establish Aur's billing demand will be the same as the other Island Industrial customers.
3. Consistent with past practice of not changing customers' specifically assigned charges between test years, Aur will not be billed for a specifically assigned charge until the disposition of the pending General Rate Application to the intent that such charge will take effect as of January 1, 2007.
4. In all other aspects, in the period of the interim order, the provisions of Hydro's Industrial Rate will apply. Any amounts collected by Hydro pursuant to the interim rates approved by the Board under Order No. P.U. 1(2006), that are in excess of the final rates that that Board may approved under the aforementioned application, shall be refunded or credited to Aur by Hydro.

It is understood that all parties to the application are agreed upon these points as a non-severable package of understandings to be submitted to the Public Utilities Board with a request for an order, by consent, implementing these points. In the event that the Board is not prepared to issue an order implementing these understandings, Aur Resources Inc. and Industrial Customers will request a hearing before the Board to finalize the terms of the rates to apply to supply of electricity to Aur. Nothing in this Agreement prejudices the right of any party to contend for any position, consistent or inconsistent with these points, in the hearing of the General Rate Application.

DATED at St. John's, NL this 31st day of October, 2006.

For Newfoundland and Labrador Hydro

For Aur Resources

Poul J. Genest

For Industrial Customers

Poul J. Genest

For the Consumer Advocate

AGREEMENT OF THE PARTIES
APPLICATION FOR RATES TO APPLY TO
PROVISION OF ELECTRICAL SERVICE TO
AUR RESOURCES INC.

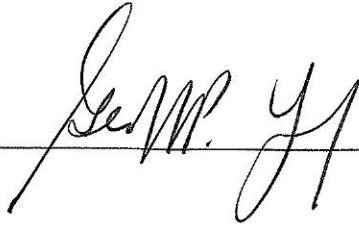
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DATED at St. John's, NL this 31st day of October, 2006.

For Newfoundland and Labrador Hydro



For Aur Resources

For Industrial Customers

For the Consumer Advocate