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**FLAMBEAU MINING COMPANY
2006 ANNUAL REPORT**

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1 Purpose and Need

This report serves to document the work that was done at the Flambeau Mine site in 2006 and to satisfy the requirements of the Mining Permit (MP).

Mining Permit, Part 1, Condition 8:

In accordance with sec. 144.89, Stats., Flambeau shall submit a report annually to the Department summarizing the activities which took place on the mining site during the year and shall include other additional information specified in this permit and associated plan approvals.

Mining Permit, Part 2, Condition 4:

The annual report required under sec. 144.89, Stats., shall include discussion of all modifications received during the previous year and shall include an inventory of all modifications received subsequent to permit issuance. The annual report shall also discuss deviations from the approved Mining Plan as a result of final engineering refinements of subsequent plan approvals if these deviations do not require modifications, under Part 2, Conditions 2 and 3.

Mining Permit, Part 2, Condition 6:

Flambeau shall keep a log of all incidents, such as spills, pond overflows and embankment failure or leakage, reported to its environmental compliance staff. This log shall, at all reasonable times, be available for inspection by any duly authorized Department employee. A summary of incidents subject to various Department reporting requirements shall be included in the annual report required under sec. 144.89, Stats.

Mining Permit, Part 2, Condition 7 (Excerpt):

The annual report required under sec. 144.89, Stats, shall include a summary of all exploration drilling activities conducted on the mining site during the previous year.

Mining Permit, Part 4, Condition 9:

Monitoring data and results shall be submitted to the Department within 30 days after completion of the required analyses. The annual report required in this permit shall summarize the year's monitoring activities and any observed trends in the monitoring data.

Water Withdrawal Approval, Condition 1 (Excerpt):

Flambeau Mining Company shall maintain records which document the withdrawal. At a minimum, such information shall include the dates and duration of withdrawal, approximate pumping rate and approximate volume of water withdrawn. Monthly summaries shall be submitted to the department for those months in which a withdrawal occurs. This information shall be available for department review in a separate file at the Flambeau Mining Company office and shall also be summarized in the annual report submitted as a condition of the mining permit.

The location of the information which fulfills the requirements of the above conditions is referenced in Table 1-1.

TABLE 1-1

Location Information Key

Condition No.	Location of Information
MP, Part 1-8	Section 2 and 3
WWA, Condition 1	Section 2.6.2
MP, Part 2-4	Section 2.8
MP, Part 2-6	Section 2.10
MP, Part 2-7	Section 2.11
MP, Part 4-9	Section 4 and Appendix A, B and C