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DATE: June 16, 1998

TO: David Porter, License Administrator, Nunavut Water Board

FROM: Matt Rees

RE: Water Permit Application for the Ingi Lake Project, Melville Peninsula

CC:

NUNAVUT WATER BO

JUN 1 8 1998

PUBLIC REGISTRY

Dear David,

Please find attached an application form, supplementary questionnaire, maps and a cheque for \$30 regarding our proposed drilling program on the IN claims, near Ingi Lake, on Melville Peninsula, NT. The total drilling program is fairly small (~500 to 1000 m), mostly consisting of two moderate depth holes (250 m?) to test two targets on the Ingi Lake grid (see maps). Further holes may be drilled nearby (within 300 m radius) based on these results, and a few shallow holes may be used to test any prospective targets in the "Area 14" region, if warranted by our initial prospecting. As mentioned in the application, the total water usage is low, and all water that is released will be filtered to remove the salt.

If you require further information, please don't hesitate to contact me. As with our recent Wellington application for Devon and Cornwallis, I apologise in advance for the timing of the application w.r.t. our planned start-up, but the delay in the agreement between BHP and Noranda is again to blame (similarly, Noranda is continuing work on ground previously explored by BHP from 1994 to 1996, and BHP's old Nagvaak and possibly Ingi Lake campsites will be reused). If there is any way I can help in expediting the approval of the permit, please do not hesitate to call either myself or Clint Barr (field supervisor for the program).

Regards,

Matt Rees

Project Geologist