

File No.: 2BE-FPC----

May 31, 2013

Mr. Braam Jonker, President & CEO Canada Coal Inc. 1166 Alberni Street – Suite 605 Vancouver, BC V6E 3Z3 Ms. Susan O'Donnell, Geosciences Ltd.

Subject: Water Licence Application No. 2BE-FPC---- New Type "B" Exploration

Canada Coal Inc., Fosheim Coal Project - Fosheim Peninsula Region,

Qikiqtani Region, Nunavut.

Dear Mr. Jonker and Ms. O'Donnell,

The Nunavut Water Board ("NWB" or "Board") received a Water Licence Application ("Application") dated November 23, 2012, submitted by Canada Coal Inc. ("CCI"). The Application is for exploration activities which include core drilling, geological mapping and sampling. Canada Coal intends also to conduct geophysical, heritage and logistical studies.

The following documents are included within the Application:

- Completed Application form;
- Cover Letter;
- Summaries in English and Inuktitut;
- CCI. Authorization Letter for DMT Geosciences Ltd.;
- Land use Permit;
- Abandonment and Restoration Plan Prepared Nov 4th, 2012;
- Spill Contingency Plan dated October 2012
- CCI Community Consultation Log dated June 17, 2012;
- CCI Drill targets;
- CCI detailed community Consultations Notes dated October 2011;
- CCI Potential Impacts and proposed Mitigation Measures;
- Location and drill targets Maps;
- Equipment list for Land Use Permit
- NPC Questionnaire
- Quarrying Permit Application
- NWB Exploration Remote Camp Supplementary Questionnaire

The application was distributed for review and comments on January 22, 2013, with an initial comment period ending February 22, 2013, extended to March 1, 2013 by way of a request from Environment Canada. Responses were received from Aboriginal Affairs and Northern Development Canada (AANDC), Environment Canada (EC), Fisheries and Oceans Canada (DFO), and the Hamlet of Grise Fiord.

Comments by the Hamlet of Grise Fiord indicate that they do not support the proposed project and are opposed to the granting of a Water License to CCI. Their concerns regarding water use from Romulus Lake and/ or catchment area are attached, and the Board requires the Applicant to address the concerns raised by the Hamlet of Grise Ford. CCI is advised that until adequate responses to the issues raised in the Hamlets submission are provided to the Board and to the Hamlet of Grise Fiord, the Board will not proceed and consider the granting of a license for the proposed undertaking.

Should you have any questions, please feel free to contact the undersigned at (867) 360-6338 or eskiby@nunavutwaterboard.org, at your earliest convenience.

Regards,

Original Signed By:

Erik Skiby Assistant Technical Advisor

CC: Hamlet of Grise Fiord

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¹ Letter from Hamlet of Grise Fiord, to P. Beaulieu, NWB, Subject: Re: File #2BE-FPC – Canada Coal Inc., dated February 28, 2013.

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